

Iowa Legislative Fiscal Bureau

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State Capitol
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September 13, 1996

County Issuance of Motor Vehicle Licenses

ISSUE

Six counties in southwest Iowa were granted the authority to issue motor vehicle licenses on a permanent basis beginning July 1, 1996. The legislation granting this authority also allowed the counties to retain up to \$5.00 (from the revenues collected pursuant to the issuance of motor vehicle licenses) for each motor vehicle license, nonoperator identification card, or handicapped identification device. As a condition for the retention of these funds the counties are required to submit quarterly reports to the Department of Transportation (DOT) and the Legislative Fiscal Bureau (LFB). This **Issue Review** provides an overview of the reports submitted during FY 1996 as required by the 1995 General Assembly. This **Issue Review** does not include analysis of the related State costs necessary for the issuance of licenses by counties.

AFFECTED AGENCIES

The following counties: Adams, Cass, Fremont, Mills, Montgomery, and Page.

CODE AUTHORITY

Chapter 220, Sections 27 and 28, 1995 Iowa Acts.

BACKGROUND

Chapter 220, Section 27.3 of 1995 Iowa Acts, requires the counties that were granted the authority to issue motor vehicle licenses to report quarterly to the DOT and the LFB:

- The actual quarterly expenditures associated with the issuance of motor vehicle licenses including the amount of time spent on related activities.
- The proportionate share of salaries and benefits for county employees performing motor vehicle-related activities.
- The total number of transactions conducted.
- Other costs associated with the administration of motor vehicle license-related activities.

The reports represent only the costs incurred and revenues retained by the counties. The reports do not include related State costs necessary for the issuance of licenses.

FY 1996 OPERATIONAL STATISTICS

In FY 1996, the six counties issued a total of 29,392 motor vehicle licenses, nonoperator identification cards, and handicapped identification devices at a cost of \$167,814. This resulted in an overall cost per transaction of \$5.71. The counties retained a total of \$146,960 in fees collected from the issuance of motor vehicle licenses and other transactions, which offset 87.6% of the total cost.

Of the \$167,814 in costs reported by the counties, \$133,091 (79.3%) is attributed to salary and benefits of the county treasurers' employees. The remaining \$34,723 (20.7%) include indirect costs and miscellaneous support costs. The employee costs are based on estimates of the percent of time employees in the respective treasurers' offices spent on motor vehicle license-related activities. In addition, the reported costs reflect the fully allocated costs associated with motor vehicle license activities and not just the incremental cost experienced as a result of added responsibilities (the incremental cost includes only new costs incurred as a result of the counties assuming responsibility for license issuance activities). The following table summarizes the information reported by the counties.

County Motor Vehicle License Report

July 1995 - June 1996

	Employee Costs*	Indirect Costs	Other Costs**	Total Cost	Transactions	Cost per Transaction	Revenue Retained by County
Adams	\$ 15,723	\$ 3,702	\$ 204	\$ 19,629	3,839	\$ 5.11	\$ 19,195
Cass	31,490	5,434	458	37,382	7,427	5.03	37,135
Fremont	12,744	3,798	785	17,327	2,582	6.71	12,910
Mills	19,944	1,374	1,207	22,525	4,008	5.62	20,040
Montgomery	19,149	2,967	2,631	24,747	4,582	5.40	22,910
Page	34,041	9,796	2,367	46,204	6,954	6.64	34,770
Grand Total	<u>\$ 133,091</u>	<u>\$ 27,071</u>	<u>\$ 7,652</u>	<u>\$ 167,814</u>	<u>29,392</u>	<u>\$ 5.71</u>	<u>\$ 146,960</u>

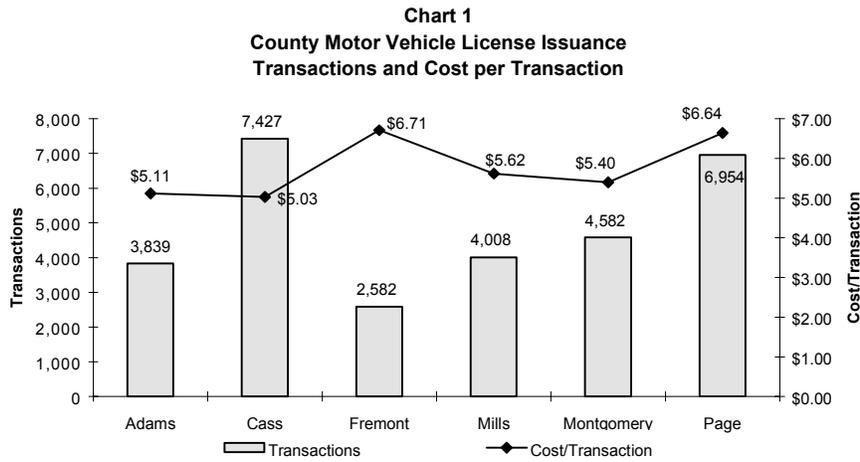
* Includes salary and benefits.

** Other costs include telephone charges, mileage, subsistence, and supplies not provided by the DOT.

County Variations

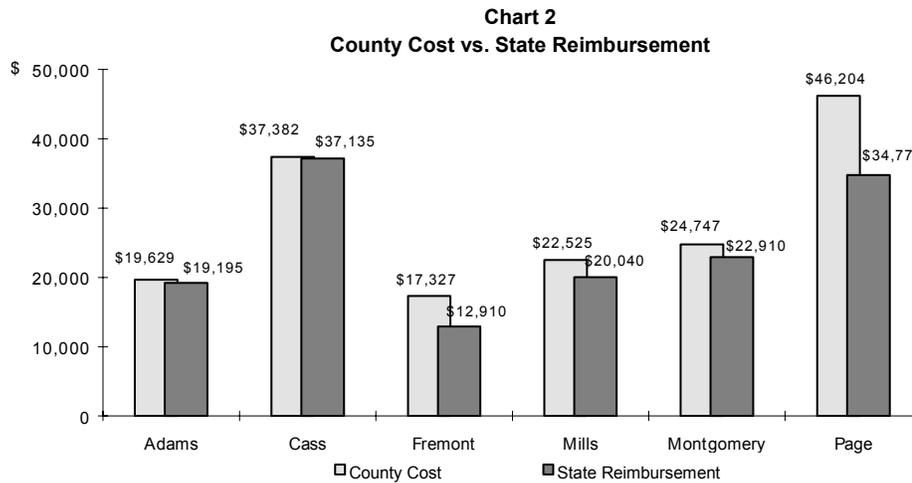
The cost per transaction for the counties ranged from \$5.03 to \$6.71. Cass County reported the lowest cost per transaction of \$5.03 and Fremont and Page Counties reported the highest at \$6.71 and \$6.64 respectively.

Chart 1 shows the number of transactions issued and the cost per transaction for each of the six counties.



The total costs incurred by counties for providing the motor vehicle license-related services ranged from \$17,327 in Fremont County to \$46,204 in Page County. The fees retained by the counties offset the majority of the counties' costs. The amount of cost that the fees covered ranged from 99.3% in Cass County to 74.5% in Fremont County and 75.2% in Page County.

Chart 2 shows each county's cost associated with the issuance of licenses and the amount of fee revenue retained.



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